

# Exhibit 2

**Minutes  
Meeting of the Trustees  
AFM & AFTRA Intellectual Property Rights  
Distribution Fund**

December 12, 2013

AFM & AFTRA Intellectual Property Rights Distribution Fund  
11846 Ventura Blvd., Suite 300, Studio City, CA 91604

**Trustees Present:** Duncan Crabtree-Ireland, SAG-AFTRA (Via Telephone)  
Sam Folio, AFM (Via Telephone)  
Jon Joyce, SAG-AFTRA  
Stefanie Taub, SAG-AFTRA (Via Telephone)

**Present:** Dennis Dreith, Fund Administrator  
Johanna Medrano, Assistant to Dennis Dreith  
Nancy Carney, Fund Controller  
Shari Hoffman, Manager, Audio-Visual Division (Via Telephone)  
Karen Tucker, Para-legal/HR Consultant  
Patricia Polach, Bredhoff & Kaiser, PLLC (Via Telephone)

The meeting convened at 4:15 p.m. (PST) in person and via teleconference.

**Minutes**

The minutes of the June 4, 2012 meeting were amended to reflect that Jon Joyce was not in attendance at that meeting. The minutes were then approved as corrected.

**Distribution Report**

The Administrator distributed a report showing that the Fund had distributed \$9,311,604 in sound recording royalties and \$3,211,181 in audio-visual royalties in 2013. The combined number of participants receiving payments was 37,446.

The Administrator indicated that this report would be supplemented with further information about the distribution, including the breakdown of payments between musicians and vocalists. Mr. Joyce asked whether it was possible to develop a history of the cost of distributions over time, and the Administrator indicated that could be done.

**Old Business: Administrative Fee**

Mr. Joyce asked for and received a recap of the decision made at the June 4, 2013 meeting regarding the Fund entering into a service agreement with the American Federation of Musicians and SAG-AFTRA for ongoing support including membership data and other information and services to assist in facilitating distributions.

Amended & Adopted April 21, 2014

**Modification of Foreign Claiming Procedures**

The Administrator reported on the need to modify and update the Fund's claims process under foreign royalty agreements.

Under the original claim process, the Fund made claims on essentially all U.S. repertoire in advance of doing any research to determine whether the Fund had mandates/authorizations from the performers on the recordings, or whether the Fund had identified or could identify them. Increasingly, foreign societies resist such broad claims procedures and insist on claims procedures that require the Fund to claim only on recordings where the Fund (through the unions) has mandates from the performers. In addition, the Administrator reported that in circumstances where foreign societies have agreed to the original broad claims procedure, their compliance is very poor. Finally, the Administrator reported that where foreign societies do make payments under the broad claims procedure, the Fund's distribution task is particularly hard because of the difficulty of obtaining necessary distribution information.

The Administrator reported that the updated claim procedure will resemble the audio-visual claim procedure, in which the Fund does some initial research on the foreign society's usage data in order to make claims only on recordings that match recordings in the Fund's database and/or that involve performers for whom the unions hold mandates. The Administrator reported that he believed that the new claims procedure would facilitate getting more foreign royalty contracts, better compliance with those contracts from our foreign partners, and more current distributions. He noted that the audio-visual distribution is near-current.

The Administrator also noted that the new claims procedure offered a good opportunity to coordinate Fund operations better with SoundExchange operations, because it would facilitate data sharing, joint claims and potentially merged databases. He further noted that database coordination with SoundExchange would be time-consuming, but that since the Fund's computer system is due for an overhaul, the time was right to work through better coordination with SoundExchange, which is the Fund's partner in most of the foreign contracts.

The Administrator reported that the overhaul of the foreign claims procedure did *not* mean that the Fund would agree to a claims procedure based on non-featured performer names (rather than on sound recording or audio-visual recording titles). Some foreign societies desire to base claims procedures on non-featured performer names, but since these societies cannot effectively attach the performer names to the recordings they perform on, that system does not work for non-featured performers.

Mr. Crabtree-Ireland left the meeting at 4:30 pm PST.

**Departmental Re-organization**

Mr. Folio and Mr. Joyce asked what steps needed to be taken for the Fund to speed up distributions.

The Administrator said that the Fund was working on speeding up distributions, and that one means of doing so was a projected restructuring of the Fund into Foreign and Domestic Divisions, and the creation of a Participant Services Department. The Participant Services Department would deal with the participant questions that inundate the Fund immediately after distributions. Having dedicated staff for that function will relieve the Fund's researchers from regularly being diverted from research functions into participant service functions. The FY2014 budget provided funds for new participant services staff.

### **New Website**

The Administrator reported that the new Fund website was live (although still partially under construction) and invited the Trustees to review it. He noted that the new website automates many functions like address changes, beneficiary changes, and so on, so that staff will be relieved of many time-consuming tasks. The new website continues old functions like the ability for a performer to review sound recordings for which the Fund is holding royalties, to review the performers credited on particular sound recordings, and to identify which recordings the performer is credited on. It also has new functions, such as the ability for participants to log in and see their past and current statements, to make address and beneficiary changes, and to make claims. The Administrator expressed the view that the new website will help to speed up distributions.

The Administrator asked the Trustees for comments and suggestions after they review the website. He also asked the AFM to provide photos and other content for the website (SAG-AFTRA had previously provided photos from its Convention).

### **Update of Computer System**

The Administrator reported that although the Fund's computer system had served the Fund well, it was in need of a significant overhaul. Currently, the Fund is using both Access, which is user friendly but difficult to program, and AS 400, which is very robust but not user friendly. The current plan is to put everything on AS 400, so that all data resides in one place, and then migrate into a replacement system. The cost of moving everything to AS 400 is not high, because it is being done in-house, and the Fund has an AS 400 programmer on staff. IT staff are reviewing future options.

### **Policies**

The Administrator reported that various policies (Whistleblower, Expense, Record Retention, Conflict of Interest) will be developed for the Trustees to review.

### **Payments to Agents**

The Administrator reported that the Fund's payments have historically been made out only to performers. However, increasingly performers are signing up with agents who make claims on their behalf. The Fund has been in an ongoing discussion with one such agent-society, RAL, and is in the process of developing a policy/system for dealing with agent claims.

The meeting adjourned at 5:15 p.m. PST.